

2. Taxation

CONTENTS

Section		Page
200	TAXATION	T-3
205	Source of Funds.....	T-3
	01—Employer contributions.....	T-3
	02—Standard rates.....	T-4
	03—Taxable wage base.....	T-4
	04—Employee contributions.....	T-4
	05—Financing of administration.....	T-5
	06—Special State funds.....	T-6
210	Type of Fund.....	T-6
215	Experience Rating.....	T-7
	01—Federal requirements for experience rating.....	T-7
	02—State requirements for experience rating.....	T-7
220	Types of Formulas for Experience Rating.....	T-7
	01—Reserve-ratio formula.....	T-8
	02—Benefit-ratio formula.....	T-9
	03—Benefit-wage-ratio formula.....	T-9
	04—Compensable-separation formula.....	T-10
	05—Payroll variation plan.....	T-11
225	Transfer of Employers' Experience.....	T-12
230	Differences in Charging Methods.....	T-13
	01—Charging most recent employers.....	T-13
	02—Charging base-period employers in inverse chronological order.....	T-14
	03—Charges in proportion to base-period wages.....	T-15
235	Noncharging of Benefits.....	T-15
240	Requirements for Reduced Rates.....	T-17
	01—Prerequisites for any reduced rates.....	T-17
	02—Requirements for reduced rates for individual employers.....	T-17
245	Rates and Rate Schedules.....	T-18
	01—Fund requirements for rates and rate schedules.....	T-18
	02—Rate reduction through voluntary contributions.....	T-18
	03—Computation dates and effective dates.....	T-19
	04—Minimum rates.....	T-19
	05—Maximum rates.....	T-19
	06—Limitation on rate increases.....	T-19
	07—Current contribution rates.....	T-19

TABLES

Number		Page
TT-1	Summary of experience-rating provisions, 51 States.....	TT-1
TT-2	Computation date, effective date for new rates, and minimum period of experience required under State experience-rating provisions.....	TT-3
TT-3	Years of benefits, contributions, and payrolls used in computing rates of employers with at least 3 years of experience, by type of experience-rating formula.....	TT-5
TT-4	Transfer of experience for employer rates, 51 States.....	TT-7

TAXATION

Number		Page
TT-5	Employers charged and benefits excluded from charging, 48 States which charge benefits or benefit derivatives.....	TT-9
TT-6	Fund requirements for any reduction from standard rate and for most favorable schedule, 51 States.....	TT-11
TT-7	Fund conditions under which least favorable schedule is applicable, 18 States without provision for suspension of reduced rates..	TT-13
TT-8	Current contribution rates.....	TT-14

200. TAXATION

The financing pattern of the State laws is influenced by the Federal Unemployment Tax Act, since employers may credit toward the Federal payroll tax the State contributions which they pay under an approved State law. They may credit also any savings on the State tax under an approved experience-rating plan. There is no Federal tax levied against employees.

The increase in the Federal payroll tax from 3.0 percent to 3.1 percent, effective January 1, 1961, and from 3.1 percent to 3.2 percent, effective January 1, 1970, did not change the base for computing the credit allowed employers for their contributions under approved State laws. The total credit continues to be limited to 90 percent of 3.0 percent, exactly as it was prior to these increases in the Federal payroll tax.

205 Source of Funds

All the States finance unemployment benefits mainly by contributions from subject employers on the wages of their covered workers; in addition, three States collect employee contributions. The funds collected are held for the States in the unemployment trust fund in the U.S. Treasury, and interest is credited to the State accounts. From this fund money is drawn to pay benefits or to refund contributions erroneously paid.

States with depleted reserves may, under specified conditions, obtain advances from the Federal unemployment account to finance benefit payments. If the required amount is not restored by November 10 of a specified taxable year, the allowable credit against the Federal tax for that year is decreased in accordance with the provisions of section 3302(c) of the Federal Unemployment Tax Act.

205.01 Employer contributions.—In most States the standard rate—the rate required of employers until they are qualified for a rate based on their experience—is 2.7 percent, the maximum allowable credit against the Federal tax. Similarly, in most States, the employer's contribution, like the Federal tax, is based on the first \$3,000 paid to (or earned by) a worker within a calendar year. Deviations from this pattern are shown in Tax Table 1.

Most States follow the Federal pattern in excluding from taxable wages payment by the employer of the employees' tax for Federal old-age and survivors insurance, and payments from or to certain special benefit funds for employees. Under the State laws, wages include the cash value of remuneration paid in any medium other than cash and, in many States, gratuities received in the course of employment from other than the regular employer.

In every State an employer is subject to certain interest or penalty payments for delay or default in payment of contributions, and usually he incurs penalties for failure or delinquency in making reports.

TAXATION

In addition, the State administrative agencies have legal recourse to collect contributions, usually involving jeopardy assessments, levies, judgments, liens, and civil suits.

The employer who has overpaid is entitled to a refund in every State. Such refunds may be made within time limits ranging from 1 to 6 years; in a few States no limit is specified.

205.02 *Standard rates.*—The standard rate of contributions under all but nine State laws is 2.7 percent. In New Jersey, the standard rate is 2.8 percent; Alaska, 2.9; Hawaii, Ohio, and Nevada, 3.0; Montana, 3.1; South Dakota, 3.6; and North Dakota, 4.2. In Nevada the 3.0 percent rate applies only to unrated employers. In Idaho the standard rate is 2.7 percent if the ratio of the unemployment fund, as of the computation date, to the total payroll for the fiscal year is 4.25 percent or more; when the ratio falls below this point, the standard rate is 2.9 percent and, at specified lower ratios, 3.1 or 3.3 percent.

While, in general, new and newly covered employers pay the standard rate until they meet the requirements for experience rating, in 10 States they may pay a higher rate because of provisions requiring *all* employers to pay an additional contribution. In Wisconsin an additional rate of 1.3 percent will be required of a new employer if his account becomes overdrawn *and* his payroll is \$20,000 or more. In addition a solvency rate (determined by the fund's treasurer) may be added for a new employer with a 4.0 percent rate. (See Tax Table 1, footnote 15.) In the other nine States the additional contribution provisions are applied when fund levels reach specified points or to restore to the fund amounts expended for noncharged or ineffectively charged benefits. The maximum total rate that would be required of new or newly covered employers under these provisions is 2.8 percent in Indiana; 3.2 percent in Missouri and Wyoming; 3.5 percent in California; 3.7 percent in New York; 4.1 percent in South Dakota; 4.2 percent in Delaware and Maryland; and 3.5 percent in Ohio.

205.03 *Taxable wage base.*—Almost half the States have adopted a higher tax base than that provided in the Federal Unemployment Tax Act. In these States an employer pays a tax on wages paid to (or earned by) each worker within a calendar year up to the amount specified in Tax Table 1. In addition, approximately half the States provide an automatic adjustment of the wage base if the Federal law is amended to apply to a higher wage base than that specified under State law. (See Tax Table 1.)

205.04 *Employee contributions.*—Only Alabama, Alaska, and New Jersey collect employee contributions and of the nine States¹ which

¹Alabama, California, Indiana, Kentucky, Louisiana, Massachusetts, New Hampshire, New Jersey, and Rhode Island.

TAXATION

formerly collected such contributions only Alabama and New Jersey do so now. In Alabama the tax is on the first \$3,000 received from one or more employers in a calendar year; in New Jersey on the first \$3,600 and in Alaska on the first \$7,200. The employee contributions are deducted by the employer from the workers' pay and sent with his own contribution to the State agency. In Alabama employees pay contributions of 0.5 percent only when the fund is below the minimum normal amount; otherwise, employees are not liable for contributions. In Alaska the standard employee rate is 0.6 percent; under the experience-rating system, the employee contribution rates vary from 0.3 percent to 0.9 percent, as the employer's rate varies from the minimum to the maximum. In New Jersey employees pay 0.25 percent for unemployment insurance purposes.

205.05 *Financing of administration.*—The Social Security Act undertook to assure adequate provisions for administering the unemployment insurance program in all States by authorizing Federal grants to States to meet the total cost of "proper and efficient administration" of approved State unemployment insurance laws. Thus, the States have not had to collect any tax from employers or to make any appropriations from general State revenues for the administration of the employment security program which includes the unemployment insurance program.

Receipts from the residual Federal unemployment tax—0.3 percent of taxable wages through calendar year 1960 and 0.4 percent through calendar year 1969, and 0.5 thereafter—are automatically appropriated and credited to the employment security administration account—one of three accounts—in the Federal Unemployment Trust Fund. Congress appropriates annually from the administration account the funds necessary for administering the Federal-State employment security program. A second account is the Federal unemployment account. Funds in this account are available to the State for non-interest bearing repayable advances to States with low reserves with which to pay benefits. A third account—the extended unemployment compensation account—is used to reimburse the States for the Federal share of Federal-State extended benefits.

On June 30 of each year the net balance and the excess in the employment security administration account are determined. Under P.L. 91-373, enacted in 1970, no transfer from the administration account to other accounts is made until the amount in that account is equal to 40 percent of the amount appropriated by the Congress for the fiscal year for which the excess is determined. Transfers to the extended unemployment compensation account from the employment security administration account are equal to one-tenth (before April 1972, one-fifth) of the net monthly collections. After June 30, 1972, the maximum fund balance in the extended unemployment compensation account will be the greater of \$750 million or 0.125 percent of total

TAXATION

wages in covered employment for the preceding calendar year. At the end of the fiscal year, any excess not retained in the administration account or not transferred to the extended unemployment compensation account is used first to increase the Federal unemployment account to the greater of \$550 million or 0.125 percent of total wages in covered employment for the preceding calendar year. Thereafter, except as necessary to maintain legal maximum balances in these three accounts, excess tax collections are to be allocated to the accounts of the States in the Unemployment Trust Fund in the same proportion that their covered payrolls bear to the aggregate covered payrolls of all States.

The sums allocated to States' Trust accounts are to be generally available for benefit purposes. Under specified conditions a State may, however, through a special appropriation act of its legislature, utilize the allocated sums to supplement Federal administrative grants in financing its operation. Forty-two² States have amended their unemployment insurance laws to permit use of some of such sums for administrative purposes, and most States have appropriated funds for buildings, supplies, and other administrative expenses.

205.06 *Special State funds.*—Forty-five³ States have set up special administrative funds, made up usually of interest on delinquent contributions, fines and penalties, to meet special needs. The most usual statement of purpose includes one or more of these three items: (1) to cover expenditures for which Federal funds have been requested but not yet received, subject to repayment to the fund; (2) to pay costs of administration found not to be properly chargeable against funds obtained from Federal sources; and (3) to replace funds lost or improperly expended for purposes other than, or in amounts in excess of, those found necessary for proper administration. A few of these States provide for the use of such funds for the purchase of land and erection of buildings for agency use, and North Carolina, for enlargement, extension, repairs or improvement of buildings. In New York the fund may be used to finance training, subsistence, and transportation allowances for individuals receiving approved training. In Puerto Rico the fund may be used to pay benefits to workers who have partial earnings in exempt employment. In some States the fund is limited; when it exceeds a specified sum (\$1,000 to \$250,000) the excess is transferred to the unemployment compensation fund.

210 Type of Fund

The first State system of unemployment insurance in this country

² All States except Colorado, Delaware, District of Columbia, Illinois, New Hampshire, North Carolina, Oklahoma, Pennsylvania, Puerto Rico, and South Dakota.

³ All States except District of Columbia, Hawaii, Mississippi, Montana, North Dakota, Oklahoma, and Rhode Island.

TAXATION

(Wisconsin) set up a separate reserve for each employer. To this reserve were credited the contributions of the employer and from it were paid benefits to his employees so long as his account had a credit balance. Most of the States enacted "pooled-fund" laws on the theory that the risk of unemployment should be spread among all employers and that workers should receive benefits regardless of the balance of the contributions paid by the individual employer and the benefits paid to his workers. All States now have pooled unemployment funds.

215 Experience Rating

All State laws, except Puerto Rico, have in effect some system of experience rating by which individual employers' contribution rates are varied from the standard rate on the basis of their experience with the risk of unemployment.

215.01 *Federal requirements for experience rating.*—State experience-rating provisions have developed on the basis of the additional credit provisions of the Social Security Act, now the Federal Unemployment Tax Act, as amended in 1939 and 1954. The Federal law allows employers additional credit for a lowered rate of contribution if the rates were based on not less than 3 years of "experience with respect to unemployment or other factors bearing a direct relation to unemployment risk." This requirement was modified by amendment in 1954 which authorized the States to extend experience-rating tax reductions to new and newly covered employers after they have had at least 1 year of such experience.

215.02 *State requirements for experience rating.*—In most States 3 years of experience with unemployment means more than 3 years of coverage and contribution experience. Factors affecting the time required to become a "qualified" employer include (1) the coverage provisions of the State law ("at any time" vs. 20 weeks; see Coverage Table 1); (2) in States using benefits or benefit derivatives in the experience-rating formula, the type of base period and benefit year and the lag between these two periods, which determine how soon a new employer may be charged for benefits; (3) the type of formula used for rate determinations; and (4) the length of the period between the date as of which rate computations are made and the effective date for rates.

220 Types of Formulas for Experience Rating

Under the general Federal requirements, the experience-rating provisions of State laws vary greatly, and the number of variations increases with each legislative year. The most significant variations grow out of differences in the formulas used for rate determinations. The factor used to measure experience with unemployment is the

TAXATION

basic variable which makes it possible to establish the relative incidence of unemployment among the workers of different employers. Differences in such experience represent the major justification for differences in tax rates, either to provide an incentive for stabilization of unemployment or to allocate the cost of unemployment. At present there are five distinct systems, usually identified as reserve-ratio, benefit-ratio, benefit-wage-ratio, compensable-separations, and payroll-decline formulas. A few States have combinations of the systems.

In spite of significant differences, all systems have certain common characteristics. All formulas are devised to establish the relative experience of individual employers with unemployment or with benefit costs. To this end, all have factors for measuring each employer's experience with unemployment or benefit expenditures, and all compare this experience with a measure of exposure—usually payrolls—to establish the relative experience of large and small employers. However, the five systems differ greatly in the construction of the formulas, in the factors used to measure experience and the methods of measurement, in the number of years over which the experience is recorded, in the presence or absence of other factors, and in the relative weight given the various factors in the final assignment of rates.

220.01 *Reserve-ratio formula.*—The reserve ratio was the earliest of the experience-rating formulas and continues to be the most popular. It is now used in 32 States (Tax Table 1). The system is essentially cost accounting. On each employer's record are entered the amount of his payroll, his contributions, and the benefits paid to his workers. The benefits are subtracted from the contributions, and the resulting balance is divided by the payroll to determine the size of the balance in terms of the potential liability for benefits inherent in wage payments. The balance carried forward each year under the reserve-ratio plan is ordinarily the difference between the employer's total contributions and the total benefits received by his workers since the law became effective. In the District of Columbia, Idaho, and Louisiana, contributions and benefits are limited to those since a certain date in 1939, 1940, or 1941, and in Rhode Island they are limited to those since October 1, 1958. In Missouri they may be limited to the last 5 years if that works to an employer's advantage. In New Hampshire an employer whose rate is determined to be 3.5 percent or over may make an irrevocable election to have his rate computed thereafter on the basis of his 5 most recent years of experience. However, his new rate may not be less than 2.7 percent except for uniform rate reduction based on the fund balance. Michigan excludes the year 1938 and a specified portion of benefits for the year ended September 30, 1946 (Tax Table 3).

TAXATION

The payroll used to measure the reserves is ordinarily the last 3 years but Massachusetts, Michigan, New York, South Carolina, and Tennessee figure reserves on the last year's payrolls only. Idaho and Nebraska use 4 years. Arkansas gives the employer the advantage of the lesser of the average 3- or 5-year payroll, or, at his option, the last year's payroll. Rhode Island uses the last year's payroll or the average of the last 3 years, whichever is lesser. New Jersey protects the fund by using the higher of the average 3- or 5-year payroll.

The employer must accumulate and maintain a specified reserve before his rate is reduced; then rates are assigned according to a schedule of rates for specified ranges of reserve ratios; the higher the ratio, the lower the rate (Tax Table 8). The formula is designed to make sure that no employer will be granted a rate reduction unless over the years he contributes more to the fund than his workers draw in benefits. Also, fluctuations in the State fund balance affect the rate that an employer will pay for a given reserve; an increase in the State fund may signal the application of an alternate tax rate schedule in which a lower rate is assigned for a given reserve and, conversely, a decrease in the fund balance may signal the application of an alternate tax schedule which requires a higher rate.

220.02 Benefit-ratio formula.—The benefit-ratio formula also uses benefits as the measure of experience, but eliminates contributions from the formula and relates benefits directly to payrolls. The ratio of benefits to payrolls is the index for rate variation. The theory is that, if each employer pays a rate which approximates his benefit ratio, the program will be adequately financed. Rates are further varied by the inclusion in the formulas of three or more schedules, effective at specified levels of the State fund in terms of dollar amounts or a proportion of payrolls or fund adequacy percentage. In Florida and Wyoming an employer's benefit ratio becomes his contribution rate after it has been adjusted to reflect noncharged benefits and balance of fund. The adjustment in Florida also considers excess payments. In Pennsylvania rates are determined on the basis of three factors: funding, experience, and State adjustment. In Mississippi rates are also based on the sum of three factors: the employer's experience rate, a State rate to recover noncharged or ineffectively charged benefits, and an adjustment rate to recover fund benefit costs not otherwise recoverable. In Texas rates are based on a State replenishment ratio in addition to the employer's benefit ratio.

Unlike the reserve ratio, the benefit-ratio system is geared to short-term experience. Only the benefits paid in the most recent 3 years are used in the determination of the benefit ratios (Tax Table 3).

220.03 Benefit-wage-ratio formula.—The benefit-wage formula is radically different. It makes no attempt to measure all benefits paid to

TAXATION

the workers of individual employers. The relative experience of employers is measured by the separations of workers which result in benefit payments, but the duration of their benefits is not a factor. The separations, weighted with the wages earned by the workers with each base-period employer, are recorded on each employer's experience-rating record as "benefit wages." Only one separation per beneficiary per benefit year is recorded for any one employer, but the charging of any benefit wages has been postponed until benefits have been paid in the State specified: Alabama and Oklahoma, until payment is made for the second week of unemployment; in Illinois and Virginia, until the benefits paid equal three times the weekly benefit amount. The index which is used to establish the relative experience of employers is the proportion of each employer's payroll which is paid to those of his workers who become unemployed and receive benefits; i.e., the ratio of his "benefit wages" to his total taxable wages.

The formula is designed to assess variable rates which will raise the equivalent of the total amount paid out as benefits. The percentage relationship between total benefit payments and total benefit wages in the State during 3 years is determined. This ratio, known as the "State experience factor," means that, on the average, the workers who drew benefits received a certain amount of benefits for each dollar of benefit wages paid and the same amount of taxes per dollar of benefit wages is needed to replenish the fund. The total amount to be raised is distributed among employers in accordance with their benefit-wage ratios; the higher the ratio, the higher the rate.

Individual employer's rates are determined by multiplying the employer's experience factor by the State experience factor. The multiplication is facilitated by a table which assigns rates which are the same as, or slightly more than, the product of the employer's benefit-wage ratio and the State factor. The range of the rates is, however, limited by a minimum and maximum. The minimum and the rounding upward of some rates tend to increase the amount which would be raised if the plan were effected without the table; the maximum, however, decreases the income from employers who would otherwise have paid higher rates.

220.04 *Compensable-separations formula.*—Like the States with benefit-wage formulas, Connecticut uses compensable separations as a measure of employer's experience with unemployment. A worker's separation is weighted by his weekly benefit amount, and that amount is entered on the employer's experience-rating record. The employer's aggregate payroll for 3 years is then divided by the sum of the entries over the 3 years to establish his index. For newly subject employers the payroll and entries for the period of subjectivity are used to establish the "merit-rating index." Rates are assigned on the basis of an

TAXATION

array of payrolls in the order of the indexes, the lowest rates to those with the highest indexes. Six different schedules are provided, depending on the ratio of the fund to the 3-year payroll (1.25 to 4.25 percent) and a further reduction of rates is provided if the balance in the fund exceeds 4.25 percent of the last 3 years' payrolls and the last year's contributions plus interest credited exceed the benefits for the same period by at least \$500,000. The excess is distributed to all employers who qualify for a rate reduction, in proportion to their last year's payrolls, in the form of credit memorandums applicable on next year's contributions.

220.05 *Payroll variation plan.*—The payroll variation plan is independent of benefit payments to individual workers; neither benefits nor any benefit derivatives are used to measure unemployment. An employer's experience with unemployment is measured by the decline in his payrolls from quarter to quarter or from year to year. The declines are expressed as a percentage of payrolls in the preceding period, so that experience of employers with large and small payrolls may be compared. If an employer's payroll shows no decrease or only a small percentage decrease over a given period, he will be eligible for the largest proportional reductions.

Alaska measures the stability of payrolls from quarter to quarter over a 3-year period; the changes reflect changes in general business activity and also seasonal or irregular declines in employment. Washington measures the last 3 years' annual payrolls on the theory that over a period of time the greatest drains on the fund result from declines in general business activity.

Utah measures the stability of both annual and quarterly payrolls and, as a third factor, the duration of liability for contributions, commonly called the "age" factor. Employers are given additional points if they have paid contributions over a period of years because of the unemployment which may result from the high business mortality which often characterizes new businesses. Montana also has three factors: annual declines, age, and a ratio of benefits to contributions; no reduced rate is allowed to an employer whose last 3-year benefit payments have exceeded his contributions.

The payroll variation plans use a variety of methods for reducing rates. Alaska arrays employers according to their average quarterly decline quotients and groups them on the basis of cumulative payrolls in 10 classes for which rates are specified in a schedule. Montana classifies employers in 12 classes and assigns rates designed to yield a specified percent of payrolls varying with the fund balance.

In Utah, employers are grouped in 10 classes according to their combined experience factors and rates are assigned from 1 of 7 rate schedules. Washington determines the surplus reserves as specified in

TAXATION

the law and distributes the surplus in the form of credit certificates applicable to the employer's next year's tax (Tax Tables 1 and 6). The amount of each employer's credit depends on the points assigned him on the basis of the sum of his average annual decrease quotient and his benefit ratio. These credit certificates reduce the amount rather than the rate of his tax; their influence on the rate depends on the amount of his next year's payrolls.

225 Transfer of Employers' Experience

Because of Federal requirements, no employer can be granted a reduced rate unless the agency has at least a 1-year record of his experience with the factors used to measure unemployment. Without such a record there would be no basis for rate determination. For this reason all State laws specify the conditions under which the experience record of a predecessor employer may be transferred to an employer who, through purchase or otherwise, acquires the predecessor's business. In some States (Tax Table 4) the authorization for transfer of the record is limited to total transfers; i.e., the record may be transferred only if a single successor employer acquires the predecessor's organization, trade, or business and substantially all its assets. In the other States the provisions authorize partial as well as total transfers; in these States, if only a portion of a business is acquired by any one successor, that part of the predecessor's record which pertains to the acquired portion of the business may be transferred to the successor.

In most States the transfer of the record in cases of total transfer automatically follows whenever all or substantially all of a business is transferred. In the remaining States the transfer is not made unless the employers concerned request it.

Under most of the laws, transfers are made whether the acquisition is the result of reorganization, purchase, inheritance, receivership, or any other cause. Delaware, however, permits transfer of the experience record to a successor only when there is reasonable continuity of ownership and management.

Some States condition the transfer of the record on what happens to the business after it is acquired by the successor. For example, in some States there can be no transfer if the enterprise acquired is not continued (Tax Table 4); in 3 of these States (District of Columbia, Massachusetts, and Wisconsin) the successor must employ substantially the same workers. In 17 States⁵ transfer of the experience record is conditioned upon the successor's assumption of liability for the predecessor's unpaid contributions.

Most States establish by statute or regulation the rate to be assigned

⁵ Arkansas, District of Columbia, Idaho, Indiana, Iowa, Kentucky, Michigan, Missouri, Nebraska, New Hampshire, New Mexico, Ohio, Oklahoma, South Carolina, Texas, West Virginia, and Wisconsin.

TAXATION

the successor employer from the date of the transfer to the end of the rate year in which the transfer occurs. The rate assignments vary with the status of the successor employer prior to his acquisition of the predecessor's business. Most States provide that an employer who has a rate based on his own experience with unemployment may continue to pay that rate; the others, that he be assigned a new rate based on his own record combined with the acquired record (Tax Table 4).

230 Differences in Charging Methods

Various methods are used to identify the employer who will be charged with benefits when a worker becomes unemployed and draws benefits. Except in the case of very temporary or partial unemployment, compensated unemployment occurs after a worker-employer relationship has been broken. Therefore, the laws indicate in some detail which one or more of a claimant's former employers should be charged with his benefits. In the reserve-ratio and benefit-ratio States, it is the claimant's benefits which are charged; in the benefit-wage States, the benefit wages; in the compensable-separation State, the weekly benefit amount of separated employees. There is, of course, no charging of benefits in the payroll-decline systems.

In most States the maximum amount of benefits to be charged for any claimant is the maximum amount for which he is eligible under the State law. In Arkansas, California, Colorado, and Oregon an employer who willfully submits false information on a benefit claim to evade charges is penalized: in Arkansas, by charging his account with twice the claimant's maximum potential benefits; in California and Oregon, by charging his account with 2 to 10 times the claimant's weekly benefit amount; in Colorado, by charging his account with $1\frac{1}{2}$ times the amount of benefits due during the delay caused by the false statement and all of the benefits paid to the claimant during the remainder of the benefit year; and in Michigan by a forfeiture to the Commission of an amount equal to the total benefits which are or would be allowed the claimant.

In the States with benefit-wage-ratio formulas, the maximum amount of benefit wages charged is usually the amount of wages required for maximum annual benefits; in Alabama and Delaware, the maximum taxable wages.

230.01 Charging most recent employers.—In four States (Maine, New Hampshire, South Carolina, and West Virginia) with a reserve-ratio system, Vermont with a benefit ratio, Virginia with a benefit-wage-ratio, Montana with a benefit-contributions-ratio, and Connecticut with a compensable-separation system, the most recent employer gets all the charges on the theory that he has primary responsibility for the unemployment.

TAXATION

All the States that charge benefits to the last employer relieve an employer of these charges if he gave a worker only casual or short-time employment. Maine limits charges to a claimant's most recent employer who employed him for more than 5 consecutive weeks; New Hampshire, more than 4 weeks; Montana, more than 3 weeks; Virginia and West Virginia, at least 30 days. South Carolina omits charges to employers who paid a claimant less than eight times his weekly benefit, and Vermont, less than \$595.

Connecticut charges the one or two most recent employers who employed a claimant 4 weeks or more in the 8 weeks prior to each compensable period of unemployment.

230.02 Charging base-period employers in inverse chronological order.—Some States limit charges to base-period employers but charge them in inverse order of employment (Tax Table 5). This method combines the theory that liability for benefits results from wage payments with the theory of employer responsibility for unemployment; responsibility for the unemployment is assumed to lessen with time, and the more remote the employment from the period of compensable unemployment, the less the probability of an employer's being charged. A maximum limit is placed on the amount that may be charged any one employer; when the limit is reached, the next previous employer is charged. The limit is usually fixed as a fraction of the wages paid by the employer or as a specified amount in the base period or in the quarter, or as a combination of the two. Usually the limit is the same as the limit on the duration of benefits in terms of quarterly or base-period wages. (See sec. 335.04.)

In Michigan, New Jersey, New York, Ohio, Rhode Island, and Wisconsin, the amount of the charges against any one employer is limited by the extent of the claimant's employment with that employer; i.e., the number of "credit weeks" he had earned with that employer. In New York, when a claimant's weeks of benefits exceed his weeks of employment, the charging formula is applied a second time—a week of benefits charged to each employer's account for each week of employment with that employer, in inverse chronological order of employment—until all weeks of benefits have been charged. In Missouri most employers who employ claimants less than 3 weeks and pay them less than \$120 are skipped in the charging.

If a claimant's unemployment is short, or if the last employer in the base period employed him for a considerable part of the base period, this method of charging employers in inverse chronological order gives the same results as charging the last employer in the base period. If a claimant's unemployment is long, such charging gives much the same results as charging all base-period employers proportionately.

TAXATION

All the States which provide for charging in the inverse order of employment have determined, by regulation, the order of charging in case of simultaneous employment by two or more employers.

230.03 *Charges in proportion to base-period wages.*—On the theory that unemployment results from general conditions of the labor market more than from a given employer's separations, the largest number of States charge benefits against all base-period employers in proportion to the wages earned by the beneficiary with each employer.

Their charging methods assume that liability for benefits inheres in wage payments. So do those of the two States that charge all benefits to the principal employer. Idaho charges all benefits to the employer who paid a claimant the largest amount of base-period wages, and Maryland, to an employer who paid the claimant 75 percent of his base-period wages; otherwise the charges are prorated proportionately among all base-period employers.

In two of these States, employers who were responsible for a small amount of base-period wages are relieved of charges. In Florida an employer who paid a claimant less than \$40 in the base period is not charged, and in Minnesota an employer who paid a claimant less than the minimum qualifying wages is not charged unless the employer, for the purpose of evading charges, separates employees for whom work is available.

235 Noncharging of Benefits

In many States there has been a tendency to recognize that the costs of benefits of certain types should not be charged to individual employers. This has resulted in "noncharging" provisions of various types in practically all State laws which base rates on benefits or benefit derivatives (Tax Table 5). In the States which charge benefits, certain benefits are omitted from charging as indicated below; in the States which charge benefit wages, certain wages are not counted as benefit wages. Such provisions are, of course, not applicable in the two States in which rate reductions are based solely on payroll decreases.

The omission of charges for benefits based on employment of short duration has already been mentioned. (See sec. 230, and footnote 5, Tax Table 5.) The postponement of charges until a certain amount of benefits has been paid (sec. 220.03) results in noncharging of benefits for claimants whose unemployment was of very short duration. In most States, charges are omitted if benefits are paid on the basis of an early determination in an appealed case and the determination is eventually reversed. In some States, charges are omitted for reimbursements in case of benefits paid under a reciprocal arrangement

TAXATION

authorizing the combination of the individual's wage credits in 2 or more States; i.e., situations when the claimant would be ineligible in the State without the out-of-State wage credits. In 6^e of the 11 States with dependents' allowances, no dependents' allowances are charged to employers.

In West Virginia benefits paid for partial unemployment are charged to the current employer, and in Alabama, Arizona, California, Florida, Hawaii, Iowa, Kansas, Kentucky, Minnesota, New York, Pennsylvania, Rhode Island, and Tennessee an employer who employed a claimant part time in the base period and continues to give him substantial equal part-time employment is not charged for benefits.

Four States (Arkansas, Colorado, Maine, and North Carolina) have special provisions or regulations for identifying the employer to be charged in the case of benefits paid to seasonal workers; in general, seasonal employers are charged only with benefits paid for unemployment occurring during the season, and nonseasonal employers, with benefits paid for unemployment at other times.

Hawaii, Kansas, Maine, Massachusetts, North Carolina, Ohio, Oregon, and Vermont provide that benefits paid to an individual taking approved training (see sec. 420) shall not be charged to the employer.

Another type of omission of charges is for benefits paid following a period of disqualification for voluntary quit, misconduct, or refusal of suitable work or for benefits paid following a potentially disqualifying separation for which no disqualification was imposed; for example, because the claimant had good personal cause for leaving voluntarily, or because he got a job which lasted throughout the normal disqualification period and then was laid off for lack of work. The intent is to relieve the employer of charges for unemployment due to circumstances beyond his control, by means other than limiting good cause for voluntary leaving to good cause attributable to the employer, disqualification for the duration of the unemployment, or the cancellation of wage credits. The provisions vary with variations in the employer to be charged and with the disqualification provisions (see sec. 425), particularly as regards the cancellation and reduction of benefit rights. In this summary, no attempt is made here to distinguish between noncharging of benefits or benefit wages following a period of disqualification and noncharging where no disqualification is imposed. Most States provide for noncharging where voluntary leaving or discharge for misconduct is involved; and some States, refusal of suitable work (Tax Table 5). A few of these States limit

^a Alaska, Connecticut, District of Columbia, Massachusetts, Nevada, and Rhode Island.

TAXATION

noncharging to cases where a claimant refuses reemployment in suitable work.

Connecticut and Delaware have provisions for canceling specified percentages of charges if the employer rehires the worker within specified periods.

240 Requirements for Reduced Rates

In accordance with the Federal requirements for experience rating, no reduced rates were possible in any State during the first 3 years of its unemployment insurance law. Except for Wisconsin, whose law preceded the Social Security Act, no reduced rates were effective until 1940, and then only in three States.

The requirements for any rate reduction vary greatly among the States, regardless of type of experience-rating formula.

240.01 Prerequisites for any reduced rates.—About half the State laws now contain some requirement of a minimum fund balance before any reduced rate may be allowed. The “solvency” requirement may be in terms of millions of dollars; in terms of a multiple of benefits paid; in terms of a percentage of payrolls in certain past years; in terms of whichever is greater, a specified dollar amount or a specific requirement in terms of benefits or payroll; or in terms of a particular fund solvency factor or fund adequacy percentage (Tax Table 6). Regardless of form, the purpose of the requirement is to make certain that the fund is adequate for the benefits that may be payable.

More general provisions are included in the Maine and New Hampshire laws. The Maine law provides that if in the opinion of the commission an emergency exists, the commission after notice and public hearing may reestablish all rates in accordance with those of the least favorable schedule so long as the emergency lasts. The New Hampshire commissioner may similarly set a 2.7 rate if he determines that the solvency of the fund no longer permits reduced rates.

In less than half the States there is no provision for a suspension of reduced rates because of low fund balances. In most of these States, rates are increased (or a portion of all employers' contributions is diverted to a special account) when the fund (or a specified account in the fund) falls below the levels indicated in Tax Table 7.

240.02 Requirements for reduced rates for individual employers.—Each State law incorporates at least the Federal requirements (see sec. 215.01) for reduced rates of individual employers. A few require more than 3 years of potential benefits for their employees or of benefit chargeability; a few require recent liability for contributions. (See Tax Table 3.) Many States require that all necessary contribution reports must have been filed and all contributions due

TAXATION

must have been paid. If the system uses benefit charges, contributions paid in a given period must have exceeded benefit charges.

245 Rates and Rate Schedules

In almost all States rates are assigned in accordance with rate schedules in the law; in Nebraska in accordance with a rate schedule in a regulation required under general provisions in the law. The rates are assigned for specified reserve ratios, benefit ratios, or for specified benefit-wage ratios. In Arizona and Kansas the rates assigned for specified reserve ratios are adjusted to yield specified average rates. In Alaska rates are assigned according to specified payroll declines; and in Connecticut, Idaho, and Montana according to employers' experience arrayed in comparison with other employers' experience.

The Washington law contains no rate schedules but provides instead for distribution of surplus funds by credit certificates. If any employer's certificate equals or exceeds his required contribution for the next year, he would in effect have a 0 rate.

245.01 *Fund requirements for rates and rate schedules.*—In most States, the level of the balance in the State's unemployment fund, as measured at a prescribed time each year, determines which one of two or more rate schedules will be applicable for the following year. Thus, an increase in the level of the fund usually results in the application of a rate schedule under which the prerequisites for given rates are lowered. In some States, employers' rates may be lowered as a result of an increase in the fund balance, not by the application of a more favorable schedule, but by subtracting a specified amounts from each rate in a single schedule, by dividing each rate in the schedule by a given figure, or by adding new lower rates to the schedule. A few States with benefit-wage-ratio systems provide for adjusting the State factor in accordance with the fund balance as a means of raising or lowering all employers' rates. Although these laws may contain only one rate schedule, the changes in the State factor, which reflect current fund levels, change the benefit-wage-ratio prerequisite for a given rate.

245.02 *Rate reduction through voluntary contributions.*—In about half the States employers may obtain lower rates by voluntary contributions (Tax Table 1). The purpose of the voluntary contribution provision in States with reserve-ratio formulas is to increase the balance in the employer's reserve so that he is assigned a lower rate, which will save him more than the amount of the voluntary contribution. In Minnesota, with a benefit-ratio system, the purpose is to permit an employer to pay voluntary contributions to cancel benefit

TAXATION

charges to his account and thus reduce his benefit ratio. In Montana voluntary contributions are used only to cancel the excess of benefit charges over contributions, thereby permitting an employer to receive a lower rate.

245.03 *Computation dates and effective dates.*—In most States the effective date for new rates is January 1; in others it is April 1, June 30, or July 1. In most States the computation date for new rates is a date 6 months prior to the effective date.

A few States have special computation dates for employers first meeting the requirements for computation of rates (footnote 3, Tax Table 2).

245.04 *Minimum rates.*—Minimum rates in the most favorable schedules vary from 0 to 1.5 percent of payrolls. In Washington, which has no rate schedule, some employers may have a 0 rate. Only six States have a minimum rate of 0.7 percent or more. The most common minimum rates range from 0.1 to 0.4 percent inclusive. The minimum rate in Nebraska depends on the rate schedule established annually by regulation.

245.05 *Maximum rates.*—Although the usual standard rate of 2.7 percent is the most common maximum rate, more than half the States provide maximum rates ranging from 3.0 to 7.2 percent in Texas (Tax Table 1).

245.06 *Limitation on rate increases.*—Oklahoma and Wisconsin prevent sudden increases of rates by a provision that no employer's rate in any year may be more than 1 percent more than in the previous year. Vermont limits an employer's rate increase or decrease to that of two columns in the applicable rate schedule. New York limits the increase in subsidiary contributions in any year to 0.3 percent over the preceding year.

245.07 *Current contribution rates.*—Tax Table 8 summarizes the contribution rates for given reserve ratios, benefit-wage ratios, and benefit ratios under the most current rate schedules available. As indicated in the table, considerable variation exists among States with respect to prerequisites for particular rates.

TAXATION

TT-1.—Summary of experience-rating provisions, 51 States¹

State	Type of experience rating				Taxable wage base above \$3,000 (23 States)	Wages include remuneration over \$3,000 if subject to FUTA (27 States) ¹	Minimum possible rate (percent)	Maximum possible rate (percent)	Voluntary contributions permitted (25 States)
	Reserve ratio (32 States)	Benefit ratio (9 States)	Benefit wage ratio (5 States)	Payroll declines (4 States)					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Alabama			X	Quarterly	\$7,200	X	0.5	3.0	
Alaska					3,600	X	1.5	4.0	
Arizona	X				3,600	X	.1	2.0	X
Arkansas	X					X	.1	4.0	X ²
California	X				\$3,800	(³)	1.0	3.7	
Colorado	X						0	3.6	X
Connecticut ⁴					\$3,600		.25	2.7	
Delaware			X		3,600		.1	4.5	
District of Columbia	X					X	.1	2.7	X
Florida		X				X	0	4.5	
Georgia	X					X ⁵	.03	4.5	
Hawaii	X				\$6,000		.2	3.0	
Idaho	X				3,600		.3	5.1	
Illinois			X			X ⁶	.1	4.0	
Indiana	X					X	.1	3.2	X
Iowa	X						0	4.0	X
Kansas	X						0	2.7	X ⁷
Kentucky	X					X	0	4.2	X
Louisiana	X						.1	2.7	X ⁸
Maine	X					X	.5	3.7	X
Maryland		X				X ⁹	0.1	3.6	
Massachusetts	X				3,600		.5	4.1	
Michigan	X				3,600		0	6.6	X
Minnesota		X			4,800	X	.1	4.5	X ¹⁰
Mississippi		X				X	0	2.7	
Missouri	X					X	0	4.1	X
Montana				Annual ¹¹		X	.5	3.1	X ¹¹
Nebraska	X					X	.1	2.7	X
Nevada	X				3,800	X	.6	3.0	
New Hampshire	X					X	.075	4.3	
New Jersey	X				3,600		.4	4.6	X
New Mexico	X						.1	3.6	
New York	X						0	4.2	X
North Carolina	X						.1	4.7	X ¹²
North Dakota	X				\$4,000	X	.3	4.2	X
Ohio	X						0	4.7	X
Oklahoma		X	X			X	.2	2.7	
Oregon		X ¹³			3,600		.8	2.7	
Pennsylvania		X			3,600	X ¹⁴	0	4.0	X
Rhode Island	X				3,600	X	1.2	4.0	
South Carolina	X						.25	4.1	X
South Dakota	X					X ¹⁵	0	4.1	X
Tennessee					3,600	X ¹⁶	.3	4.0	
Texas		X					(¹⁷)	(¹⁸)	
Utah				Annual and quarterly ¹⁹	4,200	X	.7	2.7	
Vermont		X			3,600	X	0.1	4.4	
Virginia			X				.1	2.7	
Washington				Annual ²⁰	\$4,200		(¹⁹)	3.0	
West Virginia	X				3,600	X	0	3.3	X
Wisconsin	X				3,600	X	0	4.4	X
Wyoming		X			3,600		0	2.7	

¹ Excludes Puerto Rico which has no experience-rating system. See Tax Tables 2 to 8 for more detailed analysis of experience-rating provisions.

(Footnotes continued on next page)

TAXATION

² Puerto Rico also has a provision for increasing the wage base above \$3,000; in Maryland, limited to \$3,600.

³ Voluntary contributions limited to amount of benefits charged during 12 months preceding last computation date (Arkansas and Louisiana). Employer receives credit for 80 percent of any voluntary contributions made to the fund (North Carolina). Reduction in rate because of voluntary contributions limited to 0.5 percent (Kansas). Voluntary contributions allowed only if benefit charges exceeded contributions in last 3 years (Montana). A surcharge is added equal to 25 percent of the benefits that are cancelled by voluntary contributions unless the voluntary payment is made to overcome charges incurred as a result of the unemployment of 75 percent or more of the employer's workers caused by damages from fire, flood or other acts of God (Minnesota).

⁴ Taxable wage base is \$3,800 when total revenue equals total disbursements during any 12-month period ending on computation date; \$4,100 when total disbursements exceed total revenue (California); increases to \$3,900 if ratio of fund balance to 3-year payroll is 3.5 percent or more (Connecticut); taxable wage base computed annually at 90 percent (Hawaii) and 70 percent (North Dakota), of State's average annual wage for the 1-year period ending June 30; increases by \$600 when fund balance is less than 4.5 percent of total payrolls, but not to exceed 75 percent of average annual wage for second preceding calendar year (Washington).

⁵ Wages include all kinds of remuneration subject to Federal Unemployment Tax Act.

⁶ Compensable separations formula. See text for details.

⁷ Rate shown includes the maximum contribution (a uniform rate added to employer's own rate) paid by all employers; in Delaware, 0.1 to 1.5 percent according to a formula based on highest annual cost in last 15 years; in Indiana, 0.1 percent; in New York, 0.1 to 1.0 percent. Rates shown for Florida, Pennsylvania, and Wyoming do not include additional uniform contribution paid by all rated employers to cover cost of noncharged and ineffectively charged benefits.

⁸ Formula includes duration of liability (Montana and Utah), ratio of benefits to contributions (Montana), reserve ratio (Pennsylvania); and benefit ratio (Washington).

⁹ Rates set by rule in accordance with authorization in law.

¹⁰ Applicable only to unrated employers. Rated employers have a maximum rate of 2.7.

¹¹ No employer's rate shall be more than 3.0 percent if for each of 3 immediately preceding years his contributions exceeded charges.

¹² Each employer's rate is reduced by 0.1 percent for each \$5 million by which the fund exceeds \$300 million and increased by 0.1 percent for each \$5 million under \$225 million. Maximum rate, set by regulation, could be increased to 7.2 percent if fund is exhausted.

¹³ Contributions are reduced by credit certificates. If the credit certificates equal or exceed an employer's contributions for the next year, he has, in effect, a zero rate.

¹⁴ Rate shown does not include a solvency contribution for the fund's balancing account which is based on the adequacy level of such account; however, if the reserve percentage is zero or more, the solvency contribution is diverted from the regular contribution.

¹⁵ Subject to upward revision in any given year when yield estimated on the computation date is lower by at least 10.0 percent than that determined by law for the applicable condition of the fund during preceding year.

¹⁶ 7.0 percent applicable to employers who elect coverage.

TAXATION

TT-2.—Computation date, effective date for new rates, and minimum period of experience required under State experience-rating provisions

State	Computation date	Effective date for new rates	Minimum period of experience required for newly covered employers	
			At least 3 years	Less than 3 years ¹
(1)	(2)	(3)	(4)	(5)
Alabama.....	Oct. 1.....	Apr. 1.....		1 year.
Alaska.....	June 30.....	Jan. 1.....		1 year. ¹
Arizona.....	July 1.....	Jan. 1.....		1 year.
Arkansas.....	June 30.....	Jan. 1.....	X	
California.....	June 30.....	Jan. 1.....	X	
Colorado.....	July 1.....	Jan. 1.....		12 months.
Connecticut.....	June 30.....	Jan. 1.....		1 year. ¹
Delaware.....	Oct. 1.....	Jan. 1.....		33 months
District of Columbia.....	June 30.....	Jan. 1.....	X	(3).
Florida.....	Dec. 31.....	Jan. 1.....	X	
Georgia.....	Dec. 31.....	Jan. 1.....		1 year.
Hawaii.....	Dec. 31.....	Jan. 1.....		1 year.
Idaho.....	June 30.....	Jan. 1.....		1 year.
Illinois.....	June 30.....	Jan. 1.....		2 years. ¹
Indiana.....	June 30.....	Jan. 1.....		30 months. ¹
Iowa.....	Oct. 1.....	Jan. 1.....	X	
Kansas.....	June 30.....	Jan. 1.....		2 years.
Kentucky.....	Dec. 31.....	Jan. 1.....	X	
Louisiana.....	June 30.....	Jan. 1.....	X	
Maine.....	Dec. 31.....	July 1.....	X	
Maryland.....	Mar. 31.....	July 1.....		1 year.
Massachusetts.....	Sept. 30.....	Jan. 1.....		1 year.
Michigan.....	June 30.....	Jan. 1.....	X	
Minnesota.....	June 30.....	Jan. 1.....		1 year.
Mississippi.....	June 30.....	Jan. 1.....		1 year.
Missouri.....	June 30.....	Jan. 1.....		1 year.
Montana.....	June 30.....	Jan. 1.....	X	
Nebraska.....	Dec. 31.....	Jan. 1.....		1 year. ¹
Nevada.....	June 30.....	Jan. 1.....		2½ years.
New Hampshire.....	Jan. 1.....	July 1.....		1 year.
New Jersey.....	Dec. 31.....	July 1.....	X	
New Mexico.....	June 30.....	Jan. 1.....	X	
New York.....	Dec. 31.....	Jan. 1.....		1 year.
North Carolina.....	Aug. 1.....	Jan. 1.....		1 year.
North Dakota.....	Dec. 31.....	Jan. 1.....		1 year.
Ohio.....	July 1.....	Jan. 1.....		1 year.
Oklahoma.....	Dec. 31.....	Jan. 1.....		1 year.
Oregon.....	June 30.....	Jan. 1.....		1 year.
Pennsylvania.....	June 30.....	Jan. 1.....		18 months. ¹
Rhode Island.....	Sept. 30.....	Jan. 1.....	X	
South Carolina.....	July 1 ²	Jan. 1 ¹		2 years. ¹
South Dakota.....	Dec. 31.....	Jan. 1.....		2 years.
Tennessee.....	Dec. 31.....	July 1.....	X	
Texas.....	Oct. 1 ³	Jan. 1 ¹		1 year.
Utah.....	Jan. 1.....	Jan. 1.....	X	
Vermont.....	Dec. 31.....	July 1.....		1 year.
Virginia.....	June 30.....	Jan. 1.....		1 year.
Washington.....	July 1.....	Jan. 1.....		2 years. ¹
West Virginia.....	June 30.....	Jan. 1.....	X	
Wisconsin.....	June 30 ²	Jan. 1.....		18 months.
Wyoming.....	June 30.....	Jan. 1.....	X	

¹ Period shown is period throughout which employer's account was chargeable or during which payroll declines were measurable. In States noted, requirements for experience rating are stated in the law in terms of subjectivity (Alaska, Connecticut, and Indiana); in which contributions are payable (Illinois, Pennsylvania, and Washington); coverage (South Carolina); or, in addition to the specified period of chargeability, contributions payable in the 2 preceding calendar years (Nebraska).

² Covered nonprofit organizations may receive reduced rate after 1 year (District of Columbia).

³ For newly qualified employers, computation date is end of quarter in which they meet experience requirements and effective date is immediately following quarter (South Carolina and Texas).

TT-3

Rev. August 1971

TAXATION

TT-3.—Years of benefits, contributions, and payrolls used in computing rates of employers with at least 3 years of experience, by type of experience-rating formula ¹

State (1)	Years of benefits used ² (2)	Years of payrolls used ³ (3)
Reserve-ratio formula		
Arizona.....	All past years.....	Average 3 years. ³
Arkansas.....	All past years.....	Average last 3 or 5 years. ⁴
California.....	All past years.....	Average 3 years. ³
Colorado.....	All past years.....	Average 3 years. ³
District of Columbia.....	All since July 1, 1939.....	Average 3 years. ³
Georgia.....	All past years.....	Average 3 years. ³
Hawaii.....	All past years.....	Average 3 years. ³
Idaho.....	All since Jan. 1, 1940.....	Average 4 years. ³
Indiana.....	All past years.....	Aggregate 3 years. ³
Iowa.....	All past years.....	Average 3 years. ³
Kansas.....	All past years.....	Average 3 years. ³
Kentucky.....	All past years.....	Aggregate 3 years. ³
Louisiana.....	All since Oct. 1, 1941.....	Average 3 years. ³
Maine.....	All past years.....	Average 3 years. ³
Massachusetts.....	All past years.....	Last year. ³
Michigan.....	All past years ²	Last year. ³
Missouri.....	All past years ²	Average 3 years. ³
Nebraska.....	All past years.....	Average 4 years. ³
Nevada.....	All past years.....	Average 3 years. ³
New Hampshire.....	All past years ²	Average 3 years. ³
New Jersey.....	All past years.....	Average last 3 or 5 years. ⁴
New Mexico.....	All past years.....	Average 3 years. ³
New York.....	All past years.....	Last year. ³
North Carolina.....	All past years.....	Aggregate 3 years. ³
North Dakota.....	All past years.....	Average 3 years. ³
Ohio.....	All past years.....	Average 3 years. ³
Rhode Island.....	All since Oct. 1, 1938.....	Last year or average 3 years. ⁴
South Carolina.....	All past years.....	Last year. ³
South Dakota.....	All past years.....	Aggregate 3 years. ³
Tennessee.....	All past years.....	Last year. ³
West Virginia.....	All past years.....	Average 3 years. ³
Wisconsin.....	All past years.....	Last year. ³
Benefit-contribution-ratio formula ¹		
Montana.....	Last 3 years ²	
Benefit-ratio formula		
Florida.....	Last 3 years.....	Last 3 years. ³
Maryland.....	Last 3 years.....	Last 3 years. ³
Minnesota.....	Last 3 years.....	Last 3 years. ³
Mississippi.....	Last 3 years.....	Last 3 years. ³
Oregon.....	Last 3 years.....	Last 3 years. ³
Pennsylvania.....	Average 3 years.....	Average 3 years. ³
Texas.....	Last 3 years.....	Last 3 years. ³
Vermont.....	Last 3 years.....	Last 3 years. ³
Wyoming.....	Last 3 years.....	Last 3 years. ³
Benefit-wage-ratio formula		
Alabama.....	Last 3 years.....	Last 3 years. ³
Delaware.....	Last 3 years.....	Last 3 years. ³
Illinois.....	Last 3 years.....	Last 3 years. ³
Oklahoma.....	Last 3 years.....	Last 3 years. ³
Virginia.....	Last 3 years.....	Last 3 years. ³
Compensable-separations formula		
Connecticut.....	Last 3 years.....	Aggregate 3 years. ³
Payroll-declines formula ¹		
Alaska.....		Last 3 years. ³
Utah.....		Last 3 years. ³
Washington.....		Last 3 years. ³

(Footnotes on next page)

TT-5

Rev. January 1971

TAXATION

(Footnotes for TT-3)

¹ Including Montana with benefit-contribution ratio, rather than payroll declines and Washington with payroll decline rather than benefit ratio.

² In reserve-ratio States and in Montana, years of contributions used are same as years of benefits used. Michigan excludes 1938 and a specified portion of benefits for the year ended Sept. 30, 1946; or last 5 years, whichever is to the employer's advantage (Missouri); or last 5 years under specified conditions (New Hampshire).

³ Years immediately preceding or ending on computation date. In States noted, years ending 3 months before computation date (District of Columbia, Florida, Maryland, and New York) or 6 months before such date (Arizona, California, Connecticut, and Kansas).

⁴ Whichever is lesser (Arkansas); whichever resulting percentage is smaller (Rhode Island); whichever is higher (New Jersey). Employers with 3 or more years' experience may elect to use the last year (Arkansas).

TAXATION

TT-4.—Transfer of experience for employer rates, 51 States¹

State	Total transfers		Partial transfers		Enter- prise must be contin- ued (26 States)	Rate for successor ²	
	Manda- tory (34 States)	Option- al (17 States)	Manda- tory (13 States)	Option- al (26 States)		Previous rate contin- ued (31 States)	Based on combined experi- ence (20 States)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Alabama.....	X		X				X
Alaska ¹	X						X
Arizona.....	X			X	X	X	
Arkansas.....	X			X	X	X	
California ¹	X	X		X	X		X
Colorado.....	X			X		X	
Connecticut.....		X					X
Delaware.....		X ¹			X		X
District of Columbia ¹	X		X		X	X	
Florida.....	X			X	X	X	
Georgia.....	X			X	X		X
Hawaii.....		X				X	X
Idaho.....		X ¹		X ¹	X		X
Illinois.....	X			X		X	
Indiana.....	X			X	X	X	
Iowa.....	X				X		X
Kansas.....	X			X	X	X	
Kentucky.....	X		X			X	
Louisiana.....	X		X			X	
Maine.....	X						X
Maryland.....	X		X			X	
Massachusetts.....	X		X		X		X
Michigan ¹	X		X		X	X	
Minnesota ¹		X		X ¹	X		X
Mississippi.....	X	X		X ¹		X	
Missouri.....	X		X		X		X
Montana.....	X ¹		X ¹			X ¹	
Nebraska.....	X			X			X
Nevada ¹		X		X		X	
New Hampshire.....	X			X	X	X	
New Jersey ¹	X ¹	(?)		X	X	X	
New Mexico.....	X			X ¹		X	
New York.....	X		X		X		X
North Carolina.....		X		X	X	X	
North Dakota.....		X			X	X	
Ohio.....		X		X	X	X	
Oklahoma.....	X			X	X		X
Oregon.....	X					X	
Pennsylvania.....	(?)	X ¹	(?)	X ¹	X	X	
Rhode Island.....		X		X ¹		X	
South Carolina.....	X			X	X		X
South Dakota.....		X					X
Tennessee.....		X		X			X
Texas.....		X		X	X	X	
Utah.....	X		X ¹			X ¹	
Vermont.....	X				X		X
Virginia.....		X		X		X	
Washington.....	X		X			X	
West Virginia.....	X					X	
Wisconsin.....	X		X		X		X
Wyoming.....	X					X	

¹ Excluding Puerto Rico which has no experience-rating provision.

² Rate for remainder of rate year for a successor who was an employer prior to the acquisition; for remainder of rate year beginning first day of calendar quarter in which acquisition occurs (Indiana).

(Footnotes continued on next page)

TAXATION

(Footnotes for TT-4 continued)

³ No transfer may be made if it is determined that acquisition was made solely for purpose of qualifying for a reduced rate (Alaska, California, and Nevada); if purpose was to avoid rate higher than 2.7 percent (Minnesota); if successor is not a liable employer and does not elect coverage or if total wages allocable to transferred property are less than \$10,000 (Michigan) or less than 25 percent of predecessor's total (District of Columbia); if transfer would be inequitable (Minnesota); unless agency finds employment experience of the enterprise transferred may be considered indicative of the future employment experience of the successor (New Jersey).

⁴ Transfer is limited to one in which there is reasonable continuity of ownership and management (Delaware). If predecessor had a deficit experience-rating account as of last computation date, transfer is mandatory unless it can be shown that management or ownership was not substantially the same (Idaho).

⁵ Partial transfers are limited to transfers of separate establishments for which separate payrolls have been maintained.

⁶ Optional (by regulation) if successor was not an employer.

⁷ Optional if predecessor and successor were not owned or controlled by same interest and successor files written notice protesting transfer within 4 months; otherwise mandatory (New Jersey); transfer mandatory if same interests owned or controlled both the predecessor and successor (Pennsylvania).

⁸ By regulation.

⁹ A rated (qualified) employer pays at previously assigned rate; an unrated but subject employer pays at a rate based on combined experience.

TAXATION

TT-5.—Employers charged and benefits excluded from charging, 49 States which charge benefits or benefit derivatives

State	Employers charged			Benefits excluded from charging				
	All base-period employers proportionately (27 States)	Base-period employers in inverse order of employment up to amount specified (12 States)	All charges to one employer specified (10 States)	Benefit award finally reversed (32 States)	Reimbursements under interstate wage-combining plan (27 States)	Major disqualification involved		
						Voluntary leaving (36 States)	Discharge for misconduct (34 States)	Refusal of suitable work (12 States)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Alabama ¹	X			X	X	X	X ²	
Arizona	X			X	X	X ³	X	
Arkansas	X				X	X	X	
California	X			X	X	X ³	X	
Colorado		½ wages up to ½ of 26 x current wha.		X	X			
Connecticut			1 or 2 most recent ⁴			X	X	X
Delaware ⁵	X				X	X	X	
District of Columbia	X				X			
Florida	X ⁵			X		X	X	X ²
Georgia	X			X		X ⁽⁹⁾	X	X ²
Hawaii	X			X	X	X	X	
Idaho			Principal ⁶	X	X	X	X	
Illinois ¹	X			X	X			
Indiana	X ⁶	(9)				X ²		
Iowa		½ wages up to \$200 per quarter.		X	X			
Kansas	X			X	X	X ²	X ²	
Kentucky	X			X	X	X	X	
Louisiana	X							
Maine			Most recent ¹	X		X	X	X ²
Maryland	(9)		Principal ⁶					
Massachusetts		30% of base-period wages.				X	X ²	
Michigan		¾ credit weeks up to 35 ⁷			X	X ²	X ²	X ²
Minnesota	X ⁽⁴⁾			X	X	X	X	X ²
Mississippi	X			X		X	X	X ²
Missouri		½ base-period wages ⁸		X		X ²	X	X
Montana			Most recent ¹	X				
Nebraska		½ base-period wages.		X		X	X	
Nevada	X				X ⁹	X ²	X	
New Hampshire			Most recent ¹	X		X ²	X	
New Jersey		½ base weeks up to 35 ¹⁰		X				
New Mexico	X			X		X	X	
New York		Credit weeks up to 26.			X			
North Carolina	X			X	X ⁹	X	X	
North Dakota	X			X				
Ohio		½ wages in credit weeks ¹¹		X	X	X ²	X	X
Oklahoma ¹	X			X		X	X	
Oregon	X				X ⁹	X	X	
Pennsylvania	X					X	X	
Rhode Island		¾ weeks of employment up to 42.		X	X	X	X	
South Carolina			Most recent ¹	X	X	X	X	X
South Dakota		In proportion to base-period wages paid by employer.		X		X ²	X	
Tennessee	X			X		X	X	
Texas ¹	X			X		X	X	
Vermont			Most recent ¹	X	X	X ²	X	X
Virginia ¹			Most recent ¹	X		X ⁽⁹⁾		
Washington	X				X			
West Virginia			Most recent ¹	X		X	X	X
Wisconsin		½ credit weeks up to 43.		X		X ²		
Wyoming	X			X	X	X	X	

(Footnotes on next page)

TAXATION

(Footnotes for TT-5)

¹ State has benefit-wage-ratio formula; except in Texas benefit wages are not charged for claimants whose compensable unemployment is of short duration. (See sec. 220.03.)

² Half of charges omitted if separation due to misconduct; all charges omitted if separation due to aggravated misconduct (Alabama). Omission of charge is limited to refusal of reemployment in suitable work (Florida, Georgia, Maine, Minnesota, and Mississippi); for claimant leaving to accept a better job, on which he works at least 10 weeks and is then unemployed under non-disqualifying circumstances (Indiana); last employer from whom the claimant was separated under disqualifying circumstances (Kansas).

³ Charges are omitted also for claimants leaving for compelling personal reasons not attributable to employer and not warranting a disqualification, as well as for claimants leaving work due to a private or lump-sum retirement plan containing a mutually-agreed-upon mandatory age clause (Arizona); for claimant who was a student employed on a temporary basis during the base period and whose employment began within his vacation and ended with his leaving to return to school (California); for claimants who retire under an agreed-upon mandatory-age retirement plan (Georgia); for claimant convicted of a felony or misdemeanor (Massachusetts); if benefits are paid after separation because of pregnancy or marital obligations (South Dakota); for claimant leaving to accept a more remunerative job (Missouri); for claimant who left to accept a recall from a prior employer or to accept other work beginning within 7 days and lasting at least 3 weeks (Ohio); during an uninterrupted period of unemployment after childbirth (New Hampshire); if claimant's employment or right to reemployment was terminated by his retirement pursuant to an agreed-upon plan specifying mandatory retirement age (Vermont); if claimant left to move with spouse (Virginia); after the fourth week of benefits if individual had terminated his employment to accept another job (Wisconsin).

⁴ 1 or 2 employers who employed claimant in 4 or more calendar weeks in 8 weeks prior to any compensable separation. 90 to 15 percent of charges is canceled if employer rehires claimant after 1-6 weeks of benefits or claimant refuses offer of reemployment by employer charged.

⁵ Charges are omitted for employers who paid claimant less than \$40 (Florida); less than 8 times weekly benefit amount (South Carolina); less than \$595 (Vermont); or who employed claimant less than 30 days (Virginia); not more than 3 weeks (Montana, by regulation), 4 consecutive weeks (New Hampshire), or 5 weeks (Maine); or who employed claimant less than 30 days and also if there has been subsequent employment in noncovered work for 30 days or more (West Virginia); or who employed claimant less than 3 weeks and paid him less than \$120 (Missouri).

⁶ Employer who paid largest amount of base-period wages (Idaho); law also provides for charges to base-period employers in inverse order (Indiana); employer who paid 75 percent of base-period wages; if no principal employer, benefits are charged proportionately to all base-period employers (Maryland).

⁷ Benefits paid based on credit weeks earned with employers involved in disqualifying acts or discharges or in periods of employment prior to disqualifying acts or discharges are charged last in inverse order.

⁸ An employer who paid 90 percent of a claimant's base-period wages in 1 base period is not charged for benefits based on earnings during the next 4 quarters unless he employed the claimant in some part of the 3d or 4th quarter following the base period. Charges omitted for employers who paid claimant less than the minimum qualifying wages.

⁹ Charges omitted if claimant is paid less than minimum qualifying wages (New Hampshire, North Carolina, and Oregon); and for benefits in excess of the amount payable under State law (New Hampshire and Oregon).

¹⁰ But not more than 50 percent of base-period wages if employer makes timely application.

¹¹ If claimant qualifies for dependents' allowances, $\frac{3}{4}$ wages in credit weeks.

TAXATION

TT-6.—Fund requirements for any reduction from standard rate and for most favorable schedule, 51 States ¹

State	Requirements for any reduction in rates					Requirements for most favorable schedule ²
	Millions of dollars (10 States)	Multiple of benefits paid (2 States)		Percent of payrolls (16 States)		
		Multiple	Years	Per-cent	Years	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Alabama.....						(3).
Alaska ⁴						
Arizona.....				3	Last 1.....	12 percent of payrolls.
Arkansas.....						\$35 million and at least 6 percent of taxable payrolls. ⁶
California.....						5 percent of payrolls.
Colorado.....	25					\$100 million.
Connecticut.....				1 25	Last 3.....	4.25 percent of payrolls. ^{2 7}
Delaware.....						\$5 million.
District of Columbia.....				2.4	Last 1.....	5 percent of payrolls.
Florida ⁸						
Georgia.....						5.0 percent of payrolls.
Hawaii.....	13					1.5 times adequate reserve fund. ¹²
Idaho.....				2.75	Last 1.....	5.75 percent of payrolls.
Illinois.....						(2).
Indiana.....	75					\$125 million.
Iowa.....		1	Last 1.....			\$110 million.
Kansas.....				4	Last 1.....	11 percent of payrolls.
Kentucky ¹⁰	110			(10)	(10)	(10)
Louisiana.....				4.25	Last 1.....	12.5 percent of payrolls.
Maine ⁹	20					Over \$35 million.
Maryland.....				2	Last 1.....	10 percent of payrolls.
Massachusetts.....				2.5	Last 1.....	6.5 percent of payrolls.
Michigan.....						Zero or positive balance in solvency account.
Minnesota.....						\$140 million.
Mississippi ¹	20			4	Last 1.....	7 percent of payrolls.
Missouri.....						7.5 percent of payrolls.
Montana ⁹	18					Over \$26 million.
Nebraska ⁴						
Nevada ¹¹						
New Hampshire ⁹						\$50 million.
New Jersey.....				2.5	Last 1.....	12.5 percent of payrolls.
New Mexico.....				2	Last 1.....	4 percent of payrolls.
New York.....						14 percent of payrolls. ²
North Carolina.....						10.5 percent of payrolls.
North Dakota.....						9 percent of payrolls.
Ohio.....						30 percent above minimum safe level. ¹²
Oklahoma.....		2	Average of last 5.			3.5 times benefits. ²
Oregon ¹⁰				(10)	(10)	100 percent of fund adequacy percentage ratio.
Pennsylvania ⁸						
Rhode Island.....						9.3 percent of payrolls.
South Carolina.....						5 percent of payrolls.
South Dakota.....	5					\$17 million.
Tennessee.....						\$250 million.
Texas.....						(12).
Utah.....				1.4	Last 1.....	6 percent of payrolls.
Vermont.....						2.25 times highest benefit cost rate. ¹²
Virginia.....						5 percent of payrolls. ^{2 7}
Washington ¹¹				3.5		
West Virginia ⁹	60					\$110 million.
Wisconsin ⁴						
Wyoming.....				3.5	Last 1.....	1.5 percent of payrolls. ²

¹ Excludes Puerto Rico which has no experience-rating provision. When alternatives are given, the greater applies. See also Tax Table 7.

(Footnotes continued on next page)

TAXATION

(Footnotes for TT-6 continued)

² Payroll used is that for last year except as indicated: last 3 years (Connecticut); average 3 years (Virginia); last year or 3-year average, whichever is greater (New York); last year or 3-year average, whichever is smaller (Rhode Island); 5 years (Wyoming). Benefits used are last 5-year average (Oklahoma).

³ 1 to 4 rate schedules but many schedules of different requirements for specified rates applicable with different "State experience factors."

⁴ No requirements for fund balance in law; rates set by agency in accordance with authorization in law.

⁵ And an excess of contributions over benefits charged equal to at least 25 times the greatest amount of benefits charged in any 1 of the last 5 years preceding the computation date.

⁶ Secondary adjustment is made by issuance of credit certificates when fund exceeds 4.25 percent of 3-year payroll and contributions in last year exceed benefits by \$500,000 (Connecticut); when fund reaches 7 percent and 7.25 percent of average taxable payrolls in last 3 years (Virginia).

⁷ Fund requirement is 1 or 2 of 3 adjustment factors used to determine rates. Such a factor is either added or deducted from an employer's benefit ratio (Florida). In Pennsylvania reduced rates are suspended for employers whose reserve account balance is zero or less.

⁸ Suspension of reduced rates is effective until next Jan. 1 on which fund equals \$65 million (West Virginia); at any time, if agency decides that emergency exists (Maine and New Hampshire). In Montana reduced rates are suspended when fund falls below \$18 million for 2 years and remains suspended until fund returns to \$26 million.

⁹ Rate schedule applicable depends upon "fund solvency factor." A 2.5 factor required for any rate reduction and a 6 factor required for most favorable rate schedule (Kentucky). Rate schedule applicable depends on "fund adequacy percentage." Reduced rates suspended if fund adequacy percentage ratio is less than 100 percent (Oregon).

¹⁰ Fund requirement expressed as $1\frac{1}{2}$ times the potential maximum annual benefits payable in the next year.

¹¹ "Adequate reserve fund" defined as 1.5 times highest benefit cost rate during past 10 years multiplied by total taxable remuneration paid by employers in same year (Hawaii). "Minimum safe level" defined as 1.5 times the highest amount of benefits paid in any consecutive 12-month period preceding the computation date (Ohio). "Highest benefit cost rate" determined by dividing the highest amount of benefits paid during any consecutive 12-month period in the past 5 years by total wages during the 4 calendar quarters ending within that period (Vermont).

¹² See footnote 13, Tax Table 1.

¹³ Rates are reduced by distribution of surplus, but only if it is at least 0.1 percent of last year's remuneration; surplus is product of total remuneration paid during calendar year multiplied by 4 percent and subtracted from the fund balance. Surplus does not include amount in excess of 0.04 of total remuneration.

TAXATION

**TT-7.—Fund conditions under which least favorable schedule is applicable, 19 States¹
without provision for suspension of reduced rates**

State	Fund	Indicated fund is less than—					Range of rates	
		Mil- lions of dollars	Multiple of bene- fits paid		Percent of payrolls		Mini- mum	Maxi- mum
			Multi- ple	Years	Per- cent	Years		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Alabama.....			1.5	(?)			0.5	3.6
Arkansas.....					2.5	Last 1.....	.5	4.0
California.....					5.0	Last 1.....	1.8	3.7
Delaware.....			(4)				¹ 1.6	¹ 4.5
Georgia.....		75					.03	4.5
Illinois.....		450					.1	4.0
Michigan.....	Solvency	30					.6	6.6
Minnesota ²		110					.7	4.5
Missouri.....			³ 2	Last 1.....			.5	4.4
New York.....	Trust.....				5.0	Greater of last 1 or 3-year aver- age.	1.3	3.2
	General account.....	50					⁴ 2.3	⁴ 4.2
North Carolina.....					3.5	Last 1.....	.9	4.7
North Dakota.....					3.0	Last 1.....	2.7	4.2
Ohio.....			(?)				.6	4.7
Rhode Island.....					4.5	Lesser of last 1 or 3-year aver- age.	2.4	4.0
South Carolina.....					4.0	Last 1.....	1.3	4.1
Tennessee.....		165					0.75	4.0
Vermont.....			(?)				0.8	4.4
Virginia.....					5.0	Average last 3.....	(5)	2.7
Wisconsin.....	Trust.....		(?)				⁶ 0	⁶ 4.3

¹ Excluding Alaska where only 1 rate schedule exists; Florida where all rates are increased by addition of an adjustment factor when the fund falls below 4 percent of taxable payrolls in the preceding year; Nebraska where rates are set by the Commission; Pennsylvania and Texas where individual rates vary with the State adjustment factor and State experience factor, respectively.

² State experience factor is doubled when fund is less than 1.5 times product of the highest taxable payroll in last 3 years and the highest benefit-payroll ratio in last 10 years.

³ Includes maximum additional contributions except for Wisconsin, where solvency contributions may be required. See footnote 15, Tax Table 1. In Delaware supplemental contributions are required when fund falls below "safety balance," which is the product of total payrolls in last year and the "solvency factor" (an amount equal to 1.5 times the highest benefit costs for a 1-year period within the last 15 years).

⁴ Individual rates are determined by adding the employer's experience ratio to the minimum rate, which varies from 0.7 percent if the fund balance is less than \$110 million to 0.1 percent if the fund balance is \$140 million or more.

⁵ Or contributions, if greater.

⁶ In Ohio, when fund balance is 60 percent below "minimum safe level" (defined as 1.5 times the highest amount of benefits paid in any consecutive 12-month period preceding the computation date). In Vermont, when "current fund ratio" (determined by dividing the fund balance by total wages in a calendar year) is less than the "highest benefit cost rate" (see footnote 12, Tax Table 6). In Wisconsin, when the fund's solvency account has a net balance at the close of July of less than 0.4 percent of gross wages for covered work.

⁷ Rates increase by $\frac{1}{4}$ of the difference between fund balance and 6 percent of average taxable payrolls for last 3 years.

TT-8 - Current Contribution Rates* 1 2
By reserve ratio (percent), 31 States with reserve-ratio formula 3 4

	Min- us bal- ance	0	0.5	1.0	1.5	2.0	2.5	3.0	3.5	4.0	4.5	5.0	5.5	6.0	6.5	7.0	7.5	8.0	8.5	9.0	9.5	10.0	10.5	11.0	11.5	12.0	12.5	13.0	13.5	14.0	15.0	16.0	17.0	18.0 and over	
Contribution rates (percent) 5																																			
Arizona.....	2.9	2.7	2.7	2.7	2.7	2.7	2.7	2.5	2.5	2.25	2.25	2.0	2.0	1.75	1.75	1.5	1.5	1.25	1.25	1.0	1.0	0.75	0.75	0.5	0.5	0.5	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Arkansas.....	4.0	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	2.9	2.7	2.5	2.3	2.1	1.9	1.7	1.5	1.3	1.1	0.9	0.7	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	
California 6.....	3.3	3.3	3.3	3.2	3.2	3.1	3.1	3.0	3.0	2.9	2.9	2.8	2.8	2.7	2.7	2.6	2.6	2.4	2.4	2.2	2.2	2.0	2.0	1.8	1.8	1.6	1.6	1.4	1.4	1.2	1.0	0.8	0.6	0.6	0.6
Colorado.....	(*)	1.2	1.2	1.2	1.2	0.9	0.9	0.9	0.9	0.6	0.6	0.6	0.6	0.3	0.3	0.3	0.3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
District of Columbia.....	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.5	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
Georgia.....	(*)	2.7	2.7	2.7	2.5	2.4	2.3	2.2	2.0	1.9	1.8	1.7	1.5	1.4	1.3	1.2	1.0	0.9	0.8	0.7	0.5	0.4	0.3	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
Hawaii.....	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.8	2.8	2.6	2.4	2.2	2.0	1.8	1.6	1.4	1.2	1.0	0.8	0.6	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	
Indiana 4.....	(*)	2.9	2.7	2.7	2.7	2.7	2.7	2.5	2.5	2.3	2.0	1.8	1.6	1.4	1.4	1.2	1.0	0.7	0.5	0.3	0.3	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
Iowa.....	(*)	2.7	2.7	2.7	2.7	2.7	2.7	2.4	0.95	0.7	0.5	0.45	0.35	0.3	0.25	0.15	0.1	0.05	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Kansas.....	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.15	2.15	1.45	1.45	1.3	1.3	1.15	1.15	1.0	1.0	0.85	0.85	0.7	0.7	0.6	0.6	0.45	0.45	0.3	0.3	0.15	0	0	0	0	
Kentucky 4.....	3.2	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.4	2.1	1.8	1.5	1.2	0.9	0.9	0.6	0.6	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	
Louisiana 6.....	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.4	2.1	1.9	1.9	1.8	1.8	1.6	1.6	1.5	1.5	1.3	1.3	1.2	1.2	1.1	1.0	0.9	0.8	
Maine 4.....	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.4	2.1	1.9	1.7	1.5	1.3	1.1	0.9	0.7	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	
Massachusetts.....	(*)	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.4	2.1	1.9	1.9	1.8	1.8	1.6	1.6	1.5	1.5	1.3	1.3	1.2	1.2	1.1	1.0	0.9	0.8	
Michigan.....	(*)	4.0	4.0	4.0	4.0	4.0	4.0	3.8	3.8	3.8	3.2	2.7	2.2	1.6	1.2	0.8	0.6	0.4	0.4	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
Missouri.....	3.0	2.0	2.0	2.0	2.0	2.0	2.0	1.8	1.8	1.6	1.6	1.4	1.4	1.2	1.2	1.0	0.8	0.6	0.6	0.4	0.4	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
Nebraska.....	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.5	2.0	1.5	1.0	0.5	0.3	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
Nevada.....	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.4	2.4	2.4	2.1	2.1	2.1	1.8	1.8	1.8	1.5	1.5	1.5	1.2	1.2	1.2	0.9	0.9	0.9	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	
New Hampshire 11.....	(*)	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.5	2.5	2.4	2.4	2.2	2.2	2.0	1.9	1.8	1.6	1.6	1.6	1.6	1.1	1.1	0.8	0.8	0.8	0.7	0.7	0.6	0.6	0.5	0.4	0.4	
New Jersey.....	3.9	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	2.8	2.8	2.5	2.5	2.2	2.2	1.9	1.9	1.6	1.6	1.3	1.3	1.0	1.0	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	
New Mexico.....	3.3	3.3	3.3	3.0	3.0	2.7	2.7	2.4	2.4	2.1	2.1	1.8	1.8	1.5	1.5	1.2	1.2	0.9	0.9	0.6	0.6	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	
New York 6.....	3.3	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.1	3.0	2.9	2.8	2.7	2.6	2.5	2.4	2.2	2.0	1.8	1.6	1.4	1.2	1.1	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
North Carolina 4.....	(*)	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.3	2.3	2.1	2.1	1.9	1.7	1.5	1.3	1.1	1.1	0.9	0.7	0.5	0.4	0.3	0.3	0.2	0.1	0.1	0.1	0.1	0.1	
North Dakota 4.....	4.2	3.9	3.9	3.9	3.9	3.7	3.7	3.5	3.5	3.3	3.3	3.1	3.1	2.9	2.9	2.7	2.7	2.5	2.5	2.3	2.3	2.1	2.1	1.9	1.9	1.7	1.7	1.5	1.5	1.3	1.1	0.9	0.9	0.9	
Ohio 4.....	(*)	3.9	3.9	3.7	3.6	3.4	3.2	3.0	2.8	2.6	2.4	2.2	2.0	1.8	1.6	1.4	1.2	1.0	0.8	0.7	0.6	0.5	0.4	0.3	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
Rhode Island 4.....	(*)	2.7	2.7	2.7	2.6	2.6	2.5	2.5	2.4	2.4	2.3	2.3	2.2	2.2	2.1	2.0	1.9	1.8	1.7	1.7	1.6	1.5	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	
South Carolina.....	(*)	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	
South Dakota 4.....	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.5	2.5	2.5	2.0	2.0	1.5	1.5	1.0	1.0	0.5	0.4	0.4	0	0	0	0	0	0	0	0	0	0	0	0	0	
Tennessee.....	(*)	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.1	2.1	1.8	1.8	1.5	1.5	1.2	1.2	1.2	1.0	1.0	1.0	0.75	0.75	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	
West Virginia.....	(*)	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.0	2.0	1.8	1.8	1.6	1.6	1.4	1.4	1.2	1.0	0.8	0.6	0.4	0.2	0	0	0	0	0	0	0	
Wisconsin 4.....	(*)	3.5	3.5	3.5	3.5	3.0	3.0	3.0	3.0	2.5	2.5	2.5	2.5	2.0	2.0	1.5	1.5	1.0	1.0	0.5	0.5	0	0	0	0	0	0	0	0	0	0	0	0	0	

TAXATION

By benefit wage ratio (percent), 5 States with benefit-wage-ratio formula¹⁰

	17.5 and over	17.0	16.0	15.0	14.5	14.0	13.5	13.0	12.5	12.0	11.5	11.0	10.5	10.0	9.5	9.0	8.5	8.0	7.5	7.0	6.5	6.0	5.5	5.0	4.5	4.0	3.5	3.0	2.5	2.0	1.5	1.0	0.5	0		
Contribution rates (percent) ³																																				
Alabama.....	2.7	2.7	2.7	2.7	2.5	2.5	2.5	2.25	2.25	2.0	2.0	2.0	1.75	1.75	1.75	1.5	1.5	1.5	1.25	1.25	1.0	1.0	1.0	0.75	0.75	0.75	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	
Delaware ⁴	(7)	3.1	2.9	2.8	2.7	2.7	2.6	2.5	2.5	2.4	2.3	2.3	2.2	2.1	2.1	2.0	1.9	1.9	1.8	1.8	1.7	1.6	1.6	1.6	1.5	1.4	1.4	1.3	1.2	1.2	1.1	1.0	1.0	0.9	0.9	0.9
Illinois.....	4.0	3.9	3.7	3.5	3.3	3.2	3.1	3.0	2.9	2.8	2.6	2.5	2.4	2.3	2.2	2.1	2.0	1.8	1.7	1.6	1.5	1.4	1.3	1.2	1.0	0.9	0.8	0.7	0.6	0.5	0.3	0.2	0.1	0.1	0.1	
Oklahoma.....	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.5	2.6	2.6	2.4	2.2	2.0	2.0	1.8	1.6	1.4	1.4	1.2	1.2	1.0	1.0	0.8	0.8	0.6	0.4	0.2	0.2	0.2	0.2	0.2	
Virginia ¹¹	(7)	1.4	1.4	1.3	1.3	1.2	1.2	1.2	1.1	1.1	1.1	1.0	1.0	0.9	0.9	0.9	0.8	0.8	0.8	0.7	0.7	0.7	0.6	0.6	0.6	0.5	0.5	0.5	0.4	0.4	0.4	0.3	0.2	0.1	0.1	

By benefit ratio (percent), 4 States with benefit-ratio formula¹⁰

	.0500 and over	.0400	.0300	.0250	.0200	.0150	.0100	.0070	.0050	.0030	.0020	.0010	.0005	0
Contribution rates (percent) ³														
Maryland.....	3.0	3.0	2.7	2.7	2.7	2.4	2.4	2.1	2.1	1.8	1.8	1.5	1.5	1.5
Minnesota.....	4.5	4.5	3.5	3.4	3.3	3.2	3.1	3.0	2.9	2.6	2.5	2.4	2.3	2.2
Texas.....	2.7	2.7	2.7	2.7	2.5	2.4	2.3	2.2	2.0	1.8	1.7	1.5	1.4	1.3
Wyoming.....	2.89	2.89	2.89	2.89	2.89	2.89	2.79	2.69	2.59	2.49	2.39	2.29	2.19	2.09

(Footnotes on next page)

TAXATION

* Effective January 1, 1971.

¹ Figures shown apply for employers with sufficient experience under State law to qualify for reduced rates. Schedule shown for Arkansas, which provides separate schedules for rated employers with 1, 2, and 3 years of experience, is scheduled for those with 3 years of experience. Schedule shown for Michigan is for employers whose accounts could have been chargeable with benefits for at least 36 months. Rated employers with less experience are assigned rates ranging from 1 to 4.0 percent.

² Rate year begins July 1. Rates shown are for July 1, 1970—June 30, 1971 (Me., Md., N.H., N.J., Tenn.). Rate year begins April 1; rates shown are for year beginning April 1, 1970 (Ala.).

³ Excluding Idaho which arrays employers' payrolls in order of their reserve ratios and assigns rates on basis of rate classes.

⁴ Reserve ratio relates employers' reserve balance to last year's payroll or an average annual payroll for a 3-year period. Schedules for Indiana, Kentucky, North Carolina, and South Dakota, where reserve balance is related to 3-year aggregate payroll, are converted in terms of average annual payroll for the 3 years for purposes of comparison.

⁵ Only rates which fall at lower limit of each interval are shown. Lower rates than those shown may thus be applicable within the same interval; e.g., although rate shown for reserve-ratio interval of 5.5 to 6 percent in Michigan is 2.2 percent, employers with ratios within that interval may be assigned rates of 2.2 percent (for ratios of 5.4 to 5.6 percent), 2.0 percent (for ratios of 5.6 to 5.8 percent), or 1.8 percent (for ratios of 5.8 to 6.0 percent).

⁶ Rates shown include 0.6 percent additional contribution required of employers (California) and additional solvency rate of 0.8 percent (Delaware) includes subsidiary rate of 0.3 percent (La. and N.Y.) reduction of 0.2 percent and additional mutualized contribution not credited to employer account of 0.1 percent (Ohio); solvency rate of 0.6 percent which is not added to regular contribution rate (Rhode Island); solvency rate (0 percent in 1971) which may be deducted from current contributions or from account of an employer whose rate is under 3.7 percent unless he elects to have solvency contributions added to his regular contributions (Wisconsin).

⁷ Rate of 0.5 percent for reserve ratio of 19.0 percent and over (Maine); 7 rates from 3.1 to 3.8 percent for benefit-wage ratios of 17.0 to 22.8 percent and over (Delaware); and 13 rates from 1.5 to 2.7 percent for benefit-wage ratios of 18.6 to 36.7 percent and over (Virginia).

⁸ Rates increase with size of negative balance percentage; 3 rates, 3.0 to 3.6 percent (Colorado); 18 rates, 2.7 to 4.2 percent (Georgia); 3 rates, 3.0 to 4.0 percent (Iowa); 3 rates, 2.9 to 3.3 percent (Massachusetts); 7 rates, 2.9 to 4.0 percent (New Hampshire); 10 rates, 2.9 to 4.7 percent (North Carolina); 2 rates, 4.0 and 4.1 (Ohio); 3 rates, 2.8 to 3.0 percent (Rhode Island); 4 rates, 3.05 to 4.1 percent (South Carolina); 6 rates, 3.0 to 4.0 percent but no more than 3.0 percent if contributions exceeded benefits for the last 3 years (Tennessee); 2 rates, 3.0 and 3.3 percent (West Virginia); and 3 rates, 4.0 to 4.4 percent (Wisconsin).

⁹ No employer's rate may exceed 2.7 percent with respect to the first \$20,000 of covered wages paid by him during any calendar year (Illinois); no employer's rate may exceed 2.7 percent of first \$10,000 (Iowa); employers may pay rate of 4.0 percent with respect to certain short-duration operations (Missouri); if, during past 10 years, contributions exceeded benefits, rate is 3.1 percent (New Jersey); if employer's account has registered a negative balance on computation date and as of previous computation date, rate is 3.6 percent (New York); whenever an employer has a quarterly payroll in excess of his established average annual payroll, his rate becomes the standard rate of 4.2 percent effective with the current quarter and for the rest of the calendar year (North Dakota).

¹⁰ Excluding Oregon and Vermont, which array employers' payrolls in order of their benefit ratios and assign rates on the basis of rate classes; Pennsylvania, which assigns rates on the basis of 3 factors which vary in part according to each employer's individual experience; Texas, for which special transitional provisions apply in determining benefit ratios for the transition from a benefit-wage-ratio system to a benefit-ratio system; and Florida and Mississippi, for which no 1971 schedules are available.

¹¹ An employer's rate may be increased by 0.2 percent if his account shows a deficit during last 24 consecutive calendar-month period, or decreased by 0.1 percent if the account shows a credit balance during such period; however, no deficit-employer's rate may be more than 3.1 or less than 2.9 percent.

¹² Four schedules with rates from 4.0 to 6.0 percent increasing with size of negative balance percentage. Schedule under which employer pays is determined by number of consecutive years he has a negative account.

¹³ Rates in effect are .775 lower than those shown in table.

¹⁴ Employers who are assigned a rate of less than 2.7 percent receive a 20 percent tax credit.